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RUEHTU/AMEMBASSY TUNIS PRIORITY 3755
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RUEHJM/AMCONSUL JERUSALEM PRIORITY 7592
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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

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HQ USAF FOR XOXO
DA WASHDC FOR SASA
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CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL

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E.O. 12958: N/A
TAGS: [OPRC](#) [KMDR](#) [IS](#)

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

[11. Mideast](#)

[12. US Defense Aid](#)

Key Stories in the Media:

The Bush administration will not be able to increase military aid to Israel next year by USD 0.5 billion due to expenditures on the war in Iraq and Afghanistan. Israel had already prepared its budget plan based on the assumption that it would receive the increase and as a result there will be a shortfall of USD 600 million. Under Secretary of State Nick Burns postponed his visit that was due to begin on Wednesday after the Israelis learned he would not agree to the aid increase request. [source: Yediot].

Israeli Ambassador to the US, Salai Meridor, denied Yediot's report in an interview with Israel Radio and stressed that the American administration had decided to increase defense aid to Israel from the 2009 budget. [source: Israel Radio].

Reportedly Defense Minister Barak believes that prior to agreeing to further withdrawals from the West Bank, Israel should speed up the development of hi-tech defenses against rocket fire [source: Ha'aretz].

The P.A. has asked Israel to allow in large shipments of weapons, ammunition and armored vehicles. Israel has not yet responded as it has some reservations. According to P.A. officials they need the weapons to protect the Fatah regime in the West Bank [source: Ha'aretz].

LTG Keith Dayton, the American security coordinator in the region, is developing a new security plan for the Palestinian security forces. Among Dayton's recommendations to Secretary of State Rice, is to significantly upgrade the training of Fatah-affiliated forces in the West Bank [source: Ha'aretz].

Israeli President Peres expects the US and Europe to support his plan for a permanent agreement with the P.A. which is based on a Palestinian State with a territorial area equivalent to 100% the

size of the West Bank [the plan was outlined in Ha'aretz on Tuesday]. Knesset Member Ahmed Tibi ruled out the idea of trading West Bank settlements for Arab communities within Israel [source: Ha'aretz]. President Peres was quoted as denying that he has proposed such a plan [source: Israel Radio].

Hamas and Fatah officials were quoted as saying that they are holding secret talks in an attempt to reconcile. According to these sources a few Arab countries are involved in the mediation efforts. Hamas PM Haniyah was quoted as saying that he is willing to step down to pave the way for the resumption of talks between the two parties [source: The Jerusalem Post].

Members of Israel's security cabinet met Wednesday morning in what was described as a "very sensitive" meeting to discuss the situation on Israel's northern front. The cabinet has been meeting with increasing frequency to oversee the preparation of the home front in case of a violent confrontation with Syria [source: Ha'aretz website].

11. Mideast:

Summary:

The independent, left-leaning Ha'aretz editorialized: "Without a substantive change in the situation in the territories, Hamas' takeover of the Gaza Strip is liable to turn out to be the first step in a takeover of the entire territories by Islamic fanatics. These enemies have created a rare common incentive for Israel, the Arab League, and the Quartet -- headed by the United States -- to strengthen the circle of Middle East moderates.... If this opportunity is missed, it is liable to be one miss too many."

Former top political advisor and head of Prime Minister Sharon's, bureau Dov Weissglas, wrote in the mass-circulation, pluralist Yediot Aharonot: "Skipping to negotiations on the final status arrangement in the current situation means ignoring the conditional stages of the road map and giving up Israel's most important diplomatic achievement in recent years. The road map constitutes recognition by a majority in the international community that Israel

has a right not to agree to a Palestinian state as long as it does not have a guarantee that this state will prevent terrorism" Veteran op-ed writer Eytan Haber wrote in the lead editorial in the mass-circulation, pluralist Yediot Ahahronot: "That's it. Ten Years were wasted. Pity on all the dead, but that's what happens when one chooses George Bush to be president."

Block Quotes:

II. "Don't Miss the Opportunity"

The independent, left-leaning Ha'aretz editorialized (08/08): "Neither Israel nor the Zionist movement has any more important or more urgent interest than ending the occupation of the territories. There is a stable majority among the public and in the government and Knesset that prefers a two-state solution based on the 1967 borders, along with territorial exchanges.... Moreover, time is not on the side of pragmatic forces in the Middle East. Israel's failed war in Lebanon, and the failure of American policy in Iraq, have raised the status of Shi'ite fanatics like Hassan Nasrallah, who receive support from Iran.... Without a substantive change in the situation in the territories, Hamas' takeover of the Gaza Strip is liable to turn out to be the first step in a takeover of the entire territories by Islamic fanatics. These enemies have created a rare common incentive for Israel, the Arab League, and the Quartet -- headed by the United States -- to strengthen the circle of Middle East moderates.... If this opportunity is missed, it is liable to be one miss too many."

II. "Don't Give Up on the Road Map"

Former top political advisor and head of Prime Minister Sharon's, bureau Dov Weissglas, wrote in the mass-circulation, pluralist Yediot Aharonot (08/08): "Once the Israeli government decided to accept the road map (subject to certain reservations), Israel agreed to the establishment of a Palestinian state under the conditions of the road map. The dispute does not, therefore, pertain to the establishment of the Palestinian state as such, but rather to the conditions of its establishment. In recent weeks, a change has been noticed in the Palestinians moving from a regime of gangs to a proper administration; but everything that has been does not approach the full implementation of the first stage of the road map.

Skipping to negotiations on the final status arrangement in the current situation means ignoring the conditional stages of the road map and giving up Israel's most important diplomatic achievement in recent years. The road map constitutes recognition by a majority in the international community that Israel has a right not to agree to a Palestinian state as long as it does not have a guarantee that this state will prevent terrorism. This cannot be given up."

III. "Graduation Party"

Veteran op-ed writer Eytan Haber wrote in the lead editorial of the mass-circulation, pluralist Yediot Ahahronot (08/08): "In a month or two people in Washington and around the world will stop 'counting' George Bush as the President of the US.... Towards the end, the president is preparing a graduation party. He will bring -- most probably in November -- to Washington leaders from the Middle East and try to concoct some sort of an agreement that would present him in history as a 'peace advocate.'.... Too late. This man had nine years that were wasted in a series of unsuccessful decisions.... and he left behind him disasters, which have no solution in sight and a depressed nation.... That's it. Ten Years were wasted. Pity on all the dead, but that's what happens when one chooses George Bush to be president."

12. US Defense Aid:

Summary:

Senior Defense commentator Alex Fishman wrote in mass-circulation, pluralist Yediot Ahahronot: "USD 500 million less in the defense budget for next year means that half of the army's plans for building its might will either be postponed or canceled. No two

ways about it."

Block Quotes:

"Dramatic Damage to the IDF"

Senior Defense commentator Alex Fishman wrote in mass-circulation, pluralist Yediot Ahahronot (08/08): "USD 500 million less in the defense budget for next year means that half of the army's plans for building its might will either be postponed or canceled. No two ways about it. From the IDF's standpoint, the US administration's decision to spread the grant decided upon by the president, in an amount of USD 6 billion, over ten years in unequal portions, dramatically damages the IDF's plan for building up its strength.... The army had already taken into account the USD 500 million that

were supposed to be channeled into its budget starting from next year.... At present, the security establishment is still hoping that the decree will be changed in talks that will be held in the coming days, that the Americans will change their minds, and it will be possible to reach an arrangement with them at least on the size of the grant promised for the next two years."

JONES